UNITED STATES

MINIMUM WAGE

The first minimum wage legislation in the United States was implemented by the state of Massachusetts in 1912.[1] By 1923, 17 states and other jurisdictions had adopted minimum wage legislation.[2] For the most part, early state minimum wage legislation was limited to women and children working in particularly vulnerable occupations.

In 1937, the Supreme Court upheld the constitutionality of state minimum wage laws, reversing its decision made in 1923 which had essentially halted the movement toward more extensive state minimum wage legislation. In 1938, the U.S. Congress enacted the Fair Labor Standards Act (FLSA) which set a floor for wages for men and women. As a result, there was increased attention in the states for minimum wage legislation, with earlier laws amended and others reenacted or created. The major innovations introduced by the states in the 1950's included hourly statutory minimum rates and the application of the laws to men.

The Fair Labor Standards Act of 1938 contained provisions and standards concerning minimum wage rates, overtime pay,[3] and record keeping requirements as well as restrictions on child labor. The 1938 Act applied to employees engaged in interstate commerce or in the production of goods for interstate commerce. The 1961 Amendments extended coverage primarily to employees in large retail and service enterprises as well as to local transit, construction, and gasoline service station employees. The 1966 Amendments extended coverage to state and local government employees of hospitals, nursing homes, and schools, and to employees of laundries, dry cleaners, large hotels and motels, restaurants, and farms. Subsequent amendments extended coverage to federal, state, and local government employees and certain workers in retail and service trades previously exempted, and to certain domestic workers in private household employment.

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[1] U.S. Department of Labor, *Growth of Labor Law in the United States* (Washington: U.S. Government Printing Office, 1967), p. 69.

[2] In chronological order, major enactments of minimum wage legislation by states and other jurisdictions were: 1912: Massachusetts; 1913: California, Colorado, Minnesota, Nebraska (repealed in 1919), Oregon, Utah, Washington, and Wisconsin; 1915: Arkansas and Kansas; 1917: Arizona; 1918: District of Columbia (held unconstitutional by the U.S. Supreme Court in 1923); 1919: North Dakota, Puerto Rico, and Texas (repealed in 1921); and 1923: South Dakota. See U.S. Department of Labor, *Growth of Labor Law in the United States* (Washington: U.S. Government Printing Office, 1967), pp. 93-94.

[3] The Act requires overtime pay at time and one-half the regular rate of pay after 40 hours in a workweek.

According to a recent report by the U.S. Department of Labor,[4] in 1996, the provisions of the Fair Labor Standards Act that require workers to receive no less than the minimum wage applied to 79.4 million wage and salary workers (64.9 percent of the total in the United States). The remaining 42.9 million workers either were not subject to these provisions (mostly retail trade and service workers not engaged in interstate commerce and/or in businesses with less than US$500,000 in annual gross receipts) or were exempt from the minimum wage (and overtime) provisions (almost three-fourths of those exempt were executive, administrative, and professional employees excluded under Section 13(a) of the Act). Industries with over 80 percent minimum wage coverage included construction, mining, and manufacturing; those below 50 percent coverage included agriculture and services.

Minimum wage law in the United States can be characterized as being a combination of state and federal law. Eleven states and jurisdictions have minimum wages that are set higher than the federal minimum wage (Alaska, California, Connecticut, Delaware, the District of Columbia, Hawaii, Massachusetts, Oregon, Rhode Island, Vermont, and Washington), 27 have rates equal to the federal rate, 9 have set rates below the federal rate, and 7 have no state minimum wage (see table of state hourly minimum wage rates at the end of this section). Where the state minimum wage rate is higher than the federal rate, the higher standard applies. Workers not covered by the FLSA are subject to state minimum wage laws if applicable. Voters in Washington State approved a ballot measure in 1998 that will adjust minimum wage rates for inflation, starting in January 2001; this provision marks the first instance in the United States where state minimum wage rates will be automatically adjusted for inflation.[5]

The federal minimum wage rate was raised its current level of US$5.15 on September 1, 1997. Under the current federal law, there are provisions for a subminimum wage of US$4.25 an hour for employees under 20 years of age during the first 90 consecutive calendar days of employment with an employer. The federal minimum wage is set legislatively by the U.S. Congress and revised irregularly, frequently resulting in the erosion of its real purchasing power. The table below presents the current dollar and real value of the federal minimum wage since 1980.

[4] See U.S. Department of Labor, *Minimum Wage and Overtime Hours Under the Fair Labor Standards Act*, 1998 Report to Congress required by Section 4(d)(1) of the Fair Labor Standards Act (Washington: U.S. Department of Labor, Employment Standards Administration, Wage and Hour Division, June 1998), pp. 21-28; 129-137.

[5] Richard Nelson, "State Labor Legislation Enacted in 1998," *Monthly Labor Review*, Vol. 122, No. 1 (January 1999), p. 3.

Nominal and Real Federal Hourly Minimum Wage Rates, 1980-99

Year	Current Value of Minum Wage	CPI-U 1990=100	Real Minimum Wage (1990 US$)
1980	3.10	63.0	4.92
1981	3.35	69.5	4.82
1982	3.35	73.8	4.54
1983	3.35	76.2	4.40
1984	3.35	79.5	4.21
1985	3.35	82.3	4.07
1986	3.35	83.9	3.99
1987	3.35	86.9	3.86
1988	3.35	90.5	3.70
1989	3.35	94.9	3.53
1990	3.80[a]	100.0	3.80
1991	4.25	104.2	4.08
1992	4.25	107.3	3.96
1993	4.25	110.6	3.84
1994	4.25	113.4	3.75
1995	4.25	116.6	3.64
1996	4.38[a]	120.0	3.65
1997	4.88[a]	122.8	3.97
1998	5.15	124.7	4.13
1999	5.15	126.5[b]	4.07

Note: [a] = weighted average due to mid-year change in the minimum wage rate.
[b] = based on 6-month average. CPI-U (1990=100) is the consumer price index for all urban consumers (1982-84=100), rebased to 1990 equal 100.
Source: U.S. Department of Labor.

A recent study by the Economic Policy Institute[6] found that 11.8 million workers (10.1 percent of the workforce) would receive an increase in their hourly wage rate if the federal minimum wage were raised from its current level of US$5.15 per hour to US$6.15. Workers directly affected by such an increase in the minimum wage (i.e., workers whose earnings are between their state's current minimum and US$6.15) would be mostly female (59.2 percent) and adults age 20 or older (72 percent) who work 35 or more hours a week (48.2 percent) in nonunion jobs (95.6 percent) in retail trade (43.7 percent). In an earlier study,[7] the Economic Policy Institute found that 9.9 million workers (8.9 percent of the workforce) would benefit from an increase in the federal hourly minimum wage from US$4.25 to US$5.15 over the period October 1995-September 1996 (the phase-in period of the last increase); the demographic effects of the increase were similar to those found in the more recent study.

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[6] See Jared Bernstein, "The Next Step: The New Minimum Wage Proposal and the Old Opposition," *EPI Issue Brief*, Number 130 (Washington: Economic Policy Institute, April 27, 1999), p. 1.

[7] See Jared Bernstein, "America's Well-Targeted Raise: Data Show Benefits of Minimum Wage Increase Going to Workers Who Need It Most," *EPI Issue Brief*, Number 118 (Washington: Economic Policy Institute, September 2, 1997), p. 1.

Regarding the apparel industry, three states (California, New Jersey, and New York) have legislation providing for civil penalties in the event of labor law violations.

The Commonwealth of the Northern Mariana Islands (CNMI) is a U.S. territory which has control of its own immigration and minimum wage policies.[8] The minimum wage under CNMI law is currently US$3.05 an hour. According to the U.S. Department of Commerce, the CNMI annually ships about a billion dollars worth of apparel to the United States duty- and quota-free which may bear a "Made in USA" label. About 91 percent of all private sector jobs in the CNMI are held by temporary alien workers (mainly from China, the Philippines, Bangladesh, and Sri Lanka). Approximately 15,000 alien workers (about a fourth of the islands' total population) are employed in the islands' 31 garment factories, which are almost entirely dependent on alien workers and where there have been frequent allegations of sweatshop working conditions and sub-standard housing. Alien workers in the CNMI, who usually must pay substantial fees to middlemen to secure a job in the CNMI, are indentured because they are in the territory solely by virtue of their employment contract with a specific employer who is in control of the duration of the stay of the alien worker. Generally when an alien worker's contract is terminated, the employee must leave the CNMI. Local employers are forbidden by CNMI law from paying alien workers more than that stipulated in their original contract, which is usually, or very close to, the CNMI minimum wage. The prevailing wage for production workers in the CNMI apparel industry is close to the islands' minimum wage of US$3.05 an hour since the industry's production lines are staffed almost entirely by an unlimited supply of alien contract workers. The Administration supports U.S. legislation which would ultimately apply federal immigration and minimum wage laws to the islands.

[8] This paragraph is based on information from U.S. Department of Interior, "Federal-CNMI Initiative on Labor, Immigration, and Law Enforcement in the Commonwealth of the Northern Mariana Islands: Fourth Annual Report 1998," Office of Insular Affairs, Washington, December 30, 1998.

Hourly Minimum Wage Rates for States and Other Jurisdictions of the United States

Current Federal Rate Established by the Federal Fair Labor Standards Act : US$5.15

States and Jurisdictions with Rate Above the Federal Rate:

Alaska	US$5.65	[set at 50¢ above the federal rate]
California	5.75	
Connecticut	5.65	[if fed rate $state rate, set at 1.005 times the federal rate; US$6.15 beginning 01/01/00]
Delaware	5.65	[US$6.15 beginning 10/1/00]
District of Columbia	6.15	[set at US$1.00 above the federal rate]
Hawaii	5.25	[employee with guaranteed compensation of US$1,200 a month is exempt]
Massachusetts	5.25	[US$6.00 beginning 01/01/00; US$6.75 beginning 01/01/01]
Oregon	6.50	
Rhode Island	5.65	
Vermont	5.25	[US$5.75 beginning 10/01/99]
Washington	5.70	[US$6.50 beginning 01/01/00; indexed rate beginning 01/01/01]

States and Jurisdictions with Rate Equal to the Federal Rate:

Arkansas
Colorado
Guam
Idaho
Illinois
Indiana
Iowa
Kentucky
Maine
Maryland
Michigan
Minnesota [US$4.90 annual receipts less than US$500,000]
Missouri
Montana [US$4.00 gross annual sales less than US$110,000]
Nebraska
Nevada
New Hampshire
New Jersey
North Carolina
North Dakota
Oklahoma [US$2.00 less than 10 employees or annual gross sales under US$100,000]
Pennsylvania
South Dakota
Utah
Virginia
West Virginia
Wisconsin

States and Jurisdictions with Rate Below the Federal Rate:

Georgia	US$3.25	
Kansas	2.65	
New Mexico	4.25	
New York	4.25	
Ohio	4.25	[US$2.80 annual sales under US$150,000; US$3.35 annual sales of US$150,000 to US$500,000]
Puerto Rico	3.61-5.15	[at least 70 percent of the higher of federal or mandatory-decree rate; exemption may be granted]
Texas	3.35	
Virgin Islands	4.65	[US$4.30 annual receipts under US$150,000]
Wyoming	1.60	

States and Jurisdictions with No Minimum Wage Law:

Alabama
Arizona
Florida
Louisiana
Mississippi
South Carolina
Tennessee

Source: U.S. Department of Labor web site: <http://www.dol.gov/dol/esa/public/minwage/america.htm>, extracted October 8, 1999.

PREVAILING OR AVERAGE WAGE

The table below presents establishment data from the U.S. Bureau of Labor Statistics on nominal and real (adjusted for inflation) average hourly earnings (gross hourly earnings or pay for time worked) of production workers in manufacturing (SIC 20-39); apparel and other textile products (SIC 23); footwear–except rubber (SIC 314); and rubber and plastics footwear (SIC 302), for the period 1990-1998. The average weekly hours for production workers over this period were 41.4 in manufacturing, 37.1 in apparel, 37.0 in nonrubber footwear, and 41.2 in rubber footwear.

Average Hourly Earnings of Production Workers in All Manufacturing, Apparel, and Footwear Industries, 1990-98

	-------Nominal Wages (current US$)--------				----------Real Wages (1990 US$)------------			
Year	Manufac-turing	Apparel	Leather Footwear	Rubber Footwear	Manufac-turing	Apparel	Leather Footwear	Rubber Footwear
1990	10.83	6.57	6.61	6.66	10.83	6.57	6.61	6.66
1991	11.18	6.77	6.80	6.87	10.73	6.50	6.53	6.59
1992	11.46	6.95	7.02	7.21	10.68	6.47	6.54	6.72
1993	11.74	7.09	7.20	7.59	10.62	6.41	6.51	6.87
1994	12.07	7.34	7.48	7.81	10.64	6.47	6.60	6.89
1995	12.37	7.64	7.67	8.44	10.61	6.55	6.58	7.24
1996	12.77	7.96	8.09	9.13	10.64	6.63	6.74	7.61
1997	13.17	8.25	8.49	9.71	10.72	6.72	6.91	7.91
1998	13.49	8.52	8.93	10.06	10.82	6.83	7.16	8.07

Note: Current dollar earnings are converted to 1990 dollars using the consumer price index for all urban consumers (CPI-U), rebased to 1990=100.
Source: U.S. Bureau of Labor Statistics; national employment, hours, and earnings; nonfarm payroll statistics from the National Current Employment Statistics (establishment based).

NON-WAGE BENEFITS

U.S. employers must enroll their employees in the following four non-wage benefit programs: (1) social security insurance, begun in 1935, provides old age, disability, and death (survivor) benefits; covered employees contribute 6.2 percent of earnings and employers contribute 6.2 percent of payroll; (2) medicare, which was first enacted in 1965 as health insurance for the aged and then was expanded in 1972 to include health insurance for the disabled, is funded in equal amounts (1.45 percent of pay) by employees and employers while the government covers the cost of hospitalization for certain non-insured aged persons; (3) work injury or workers' compensation, begun at the federal level in 1908 covering federal employees, is a compulsory insurance program in all but three states, where it is voluntary; the employer pays all costs based on risk level (average cost is 2.05 percent of payroll), except in a few states where employees pay a nominal amount; and (4) unemployment insurance, initiated in 1935, is a compulsory joint federal-state program that is funded entirely by employers with a contribution of 0.8 percent of taxable payroll to the federal program and a contribution ranging from 0-10 percent of taxable payroll to the state program.[9]

To gauge the value of benefits provided to production workers in the manufacturing sector, hourly compensation can be examined in terms of its components: hourly direct pay and employer social insurance expenditures and other labor taxes. Hourly direct pay includes all payments made directly to the worker, before payroll deductions of any kind, and consists of pay for time worked (hourly earnings, i.e., basic straight-time and piece rates plus overtime premiums, shift differentials, other premiums and bonuses paid regularly each pay period, and cost-of-living adjustments) and other direct pay (pay for time not worked such as vacations, holidays, and other leave except sick leave; seasonal or irregular bonuses and other special payments; selected social allowances; and the cost of payments in kind). Social insurance expenditures and other labor taxes include employer expenditures for legally required insurance programs (social security, medicare, and workers' compensation) and contractual and private benefit plans (retirement and disability pensions, health insurance, income guarantee insurance and sick leave, life and accident insurance, occupational injury and illness compensation, unemployment insurance, and family allowances).

Based on data from the Bureau of Labor Statistics,[10] total hourly compensation for production workers in U.S. manufacturing in 1997 was US$18.24, consisting of US$14.34 (or 78.6 percent) hourly direct pay and US$3.90 (21.4 percent) employer social insurance expenditures and other labor taxes. Hourly direct pay included US$13.17 pay for time worked and US$1.17 other direct pay for time not worked (vacations and holidays). Hourly compensation costs reflect the cost to the employer of employing a worker; some non-wage benefits provided by employers are deferred benefits to workers and do not immediately augment a worker's overall income. From the worker's standpoint, hourly direct pay does not reflect required deductions for state and federal income taxes and employee contributions for social security and medicare or voluntary deductions for health insurance, savings and retirement plans, union dues, or other payroll deductions. Clearly, compensation costs vary by industry, occupational group, region, establishment size, and worker characteristics (bargaining status and full-/part-time status).

Other analyses of total compensation in the United States find that the costs and variety of employee benefits have expanded considerably and the proportion of employer compensation costs has shifted slightly away from wages and towards health and life insurance, retirement plans, and legally required benefits.[11]

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[9] Social Security Administration, *Social Security Programs Throughout the World-1997* (Washington: U.S. Government Printing Office, August, 1997), pp. 373-376.

[10] "Hourly Compensation Costs for Production Workers in Manufacturing, 29 Countries or Areas, 40 Manufacturing Industries, 1975 and 1986-97," unpublished data, prepared by the Office of Productivity and Technology, Bureau of Labor Statistics, U.S. Department of Labor, Washington, DC, May 24, 1999.

[11] See William J. Wiatrowski, "Tracking Changes in Benefit Costs," *Compensation and Working Conditions on Line*, vol. 4, no. 1 (Spring 1999), <http://stats.bls.gov/opub/cwc/cwchome.htm>. See also, Bureau of Labor Statistics, *Employer Costs for Employee Compensation, 1986-98*, Bulletin 2508 (Washington: U.S. Department of Labor, December 1998).

Specifically, trends in U.S. employee compensation over the period 1966-98 include a decline in the share of compensation accounted for by cash payments—primarily in straight-time and overtime pay—to workers (about 10 percent), relatively stable compensation shares for retirement plans, larger increases in the share of compensation accounted for by health care and disability benefits, and an increasing share of compensation accounted for by legally required benefits (social security and medicare, unemployment insurance and workers' compensation) with increases in social security costs accounting for most of the increase. The following table presents the percentage of total employer compensation costs by the major components of compensation for production and related (blue collar) workers in private manufacturing establishments in 1966 and 1998:

Compensation Item	1966	1998
Total Compensation	100.0	100.0
Wages and salaries	77.7	66.2
Benefits	22.5	33.8
Paid leave	5.8	6.7
Supplemental pay	5.3	5.2
Insurance	2.8	8.6
Retirement	2.6	3.4
Legally required	5.8	9.6
Other	0.2	0.4

Other major federal or state benefit programs in the form of cash transfers, non-cash transfers, or income tax reductions which are available to workers subject to an income test, include Temporary Assistance for Needy Families (TANF),[12] Food Stamps, and the Earned Income Tax Credit (EITC). Participation of eligible low-income families in the EITC is substantially higher than in the TANF and Food Stamps programs.

Only families that work are eligible for the EITC and the amount of the credit depends on the family's labor market earnings.[13] In 1998, for every dollar a low-income worker earned up to an established limit brought as much as 40 cents in added compensation in the form of an income tax credit. The amount of the credit rises with earnings up to a maximum credit of US$2,271 for a family with one child and US$3,756 for a family with two or more children. The credit is flat for a range of earnings and then is phased out. About 80 percent of EITC payments offset individual income, social security, and other federal taxes borne by families receiving the credit.

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[12] Prior to TANF, the cash assistance program to families was called Aid to Dependent Children (1936-1962) and Aid to Families with Dependent Children (1962-1996). Under the welfare reform law, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), the program became TANF. For more information on this and other support programs, see the web site of the Department of Health and Human Services' Administration for Children and Families: <http://www.acf.dhhs.gov/programs/opa/facts/majorpr.htm>.

[13] The information presented in this paragraph and the next are based on results presented in The Council of Economic Advisers, *Good News for Low Income Families: Expansions in the Earned Income Tax Credit and the Minimum Wage* (Washington: Council of Economic Advisers, December 1998). This report is available on the Council of Economic Advisers' web site: <http://www1.whitehouse.gov/WH/EOP/CEA/html/whitepapers.html>.

A study by the Council of Economic Advisers found that the EITC has been one of the most successful programs for fighting poverty and encouraging work. According to the Council's study, the EITC was responsible in 1997 for lifting more than 4 million persons out of poverty, reducing the number of children living in poverty by 2.2 million, and helping to increase single mothers' labor force participation. The Council found that the combined effects of the minimum wage and the EITC have dramatically increased the returns to work for families with children: between 1993 and 1997, families with one child and one income earner who worked full-time at the minimum wage (i.e., US$4.72 in 1993 and US$5.15 in 1997, in 1997 dollars) experienced a 14 percent (US$1,402) increase in their income, after inflation, due to the two policies; families in similar economic conditions with two children realized a 27 percent (US$2,761) increase in their income.

ASSESSING BASIC NEEDS: THE POVERTY LINE

The official measure of poverty in the United States was developed in the early 1960s by Mollie Orshansky of the Social Security Administration.[14] The original measure provided a range of income cutoffs (thresholds) which were adjusted for family size, sex of family head, number of children under the age of 18, and farm/non-farm residence. The foundation of the poverty definition was the Department of Agriculture's economy food plan (i.e., the least costly of four nutritionally adequate food plans designed by the Department). Poverty thresholds for families of three or more persons were set at three times the cost of the economy food plan, based on the findings of a 1955 Department of Agriculture household food consumption survey that families of three or more persons spent approximately one-third of their after-tax money income on food.[15] In 1969, this poverty measure, with some slight modifications,[16] became the official definition of poverty for statistical use by U.S. government agencies.[17] Three modifications in the

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[14] See U.S. Census Bureau, "Definition of Income and Poverty Terms–Poverty Definition," on the web site: <http://www.census.gov/hhes/income/defs/poverty.html>. See also, Joseph Dalaker and Mary Naifeh, *Poverty in the United States: 1997*, U.S. Bureau of the Census, Current Population Reports, Series P60-201 (Washington: U.S. Government Printing Office, 1998), p. A2, which is also available on the Internet at <http://www.census.gov/hhes/www/povty97.html>.

[15] Since smaller living units face relatively larger fixed expenses, different procedures were used to set thresholds for one- and two-person units: for two-person families, the cost of the economy food plan was multiplied by a factor of 3.7 (derived from the 1955 survey); and for unrelated individuals, a fixed proportion of the threshold for the two-person units was used.

[16] Prior to 1969, annual updates of the Social Security Administration poverty thresholds were made based on price changes of items in the economy food plan. Modifications introduced in 1969 based annual adjustments in the thresholds on changes in the consumer price index, and set the farm thresholds at 85 percent (previously 70 percent) on the corresponding non-farm thresholds. See Joseph Dalaker and Mary Naifeh, *Poverty in the United States: 1997*, U.S. Bureau of the Census, Current Population Reports, Series P60-201 (Washington: U.S. Government Printing Office, 1998), p. A3.

[17] See Bureau of the Budget Circular No. A-46 of 1969; and subsequent Office of Management and Budget Statistical Policy Directive No. 14, "Definition of Poverty for Statistical Purposes," May 1978.

"official" poverty definition were introduced in 1981: separate thresholds for farm families and for type of household head were eliminated, and the detailed poverty threshold matrix was extended to make the largest family size category "nine persons or more."

The U.S. Census Bureau has the responsibility of publishing the official annual poverty statistics on the number and proportion of the poor. The Census Bureau compares the poverty thresholds to estimates of families' cash income (including cash government benefits such as welfare cash payments, but not near-cash or in-kind benefits) before taxes based on information from the March Current Population Survey.[18] The poverty thresholds are increased each year by the same percentage as the annual average change in the consumer price index for all urban consumers (CPI-U).[19] Thus, the poverty thresholds represent the same purchasing power as in the year (1963) for which they were originally developed. The table below presents the average poverty thresholds by size of family unit for 1995-1998.

Average Poverty Thresholds by Size of Family Unit, 1995-98
(in current US$)

Size of Family Unit	1995	1996	1997	1998
1 person (unrelated individuals)	7,763	7,995	8,183	8,316
Under 65 years	7,929	8,163	8,350	8,480
65 years and over	7,309	7,525	7,698	7,818
2 persons	9,933	10,233	10,473	10,634
Householder under 65 years	10,259	10,564	10,805	10,972
Householder 65 years and over	9,219	9,491	9,712	9,862
3 persons	12,158	12,516	12,802	13,003
4 persons	15,569	16,036	16,400	16,660
5 persons	18,408	18,952	19,380	19,680
6 persons	20,804	21,389	21,886	22,228
7 persons	23,552	24,268	24,802	25,257
8 persons	26,237	27,091	27,593	28,166
9 persons or more	31,280	31,971	32,566	33,339

Notes: For each size of family unit, the weighted average poverty threshold is given. Unrelated individuals are persons living alone or with non-relatives only.
Source: U.S. Census Bureau web site: <http://www.census.gov/hhes/poverty/threshld.html>.

In addition to the poverty thresholds published annually by the Census Bureau, the Department of Health

[18] The official poverty statistics are based upon data from the Current Population Survey which does not interview persons in Puerto Rico, thus those living there are excluded from the official poverty statistics. The Current Population Survey is a household survey and thus persons who are homeless and not living in shelters are not included in the poverty statistics; also excluded are armed forces personnel living on military bases.

[19] The CPI-U price deflator, introduced in 1983, uses a rental-equivalence rather than an asset approach to measuring the value of housing and results in lower poverty rates than one based on an asset-based price deflator. An experimental price deflator (CPI-U-X1) was developed by the Bureau of Labor Statistics as a measure of the all-items index using an estimate of rental equivalence from 1967-82.

and Human Services issues annual poverty guidelines—which are a simplified version of the poverty thresholds—for use in administering and determining the eligibility for certain federal programs (e.g., Head Start, Food Stamp Program, National School Lunch Program, and Low-Income Home Energy Assistance Program). Poverty guidelines apply to the year that they are issued and only reflect price changes through the prior year (i.e., the Department of Health and Human Services poverty guidelines issued in a given year are approximately equal to the Census Bureau's poverty threshold for the prior year).

In September 1998, the U.S. Census Bureau reported[20] that the number of poor people in the United States in 1997 was 35.6 million (or 13.3 percent of the population). The 1997 poverty rate was not statistically different from the pre-recessionary rate in 1989. Real (inflation-adjusted) median household income was US$37,005 in 1997, not statistically different from its 1989 pre-recessionary peak of US$37,303. In 1997, 41 percent of the poor, or 14.6 million people, were "severely poor," that is, they had a total family income less than one-half of their poverty threshold. In addition, there were 12.3 million people who were "near poor," that is, their income was 100-125 percent of their poverty threshold. Further, the income deficit of families in poverty (i.e., the dollar difference between the family's income and its poverty threshold) averaged US$6,602 in 1997. In many ways, poverty is inherently a household (or family) concept, since household (family) members share most common consumption expenditures (including shelter) and also usually pool income for the common welfare. The table below presents the poverty status of people in the United States by family relationship[21] over the period 1989-1997.

Poverty Status of People in the United States by Family Relationship, 1989-1997
(numbers in thousands; people as of March the following year)

	All People			People in Families						Unrelated Individuals		
				All Families			Female Head/No Husband					
		Below Poverty Level			Below Poverty Level			Below Poverty Level			Below Poverty Level	
Year	Total	Number	Percent	Total	Number	Percent	Total	Number	Percent	Total	Number	Percent
1997	268,480	35,574	13.3	225,369	26,217	11.6	38,412	13,494	35.1	41,672	8,687	20.8
1996	266,218	36,529	13.7	223,955	27,376	12.2	38,584	13,796	35.8	40,727	8,452	20.8
1995	263,733	36,425	13.8	222,792	27,501	12.3	38,908	14,205	36.5	39,484	8,247	20.9

[20] Joseph Dalaker and Mary Naifeh, *Poverty in the United States: 1997*, U.S. Bureau of the Census, Current Population Reports, Series P60-201 (Washington: U.S. Government Printing Office, 1998). Subsequent to the drafting of this study, the U.S. Bureau of the Census released poverty and income statistics for 1998; see Joseph Dalaker, *Poverty in the United States: 1998*, U.S. Bureau of the Census, Current Population Reports, Series P60-207 (Washington: U.S. Government Printing Office, 1999) issued in September 1999 and available on the Bureau of the Census web site at: <http://www.census.gov/hhes/www/povty98.html>.

[21] The term "family" refers to a group of two or more persons related by birth, marriage, or adoption who reside together; all such persons are considered as members of one family. Two or more people living in the same household who are related to one another, but are not related to the householder (head of household), form an "unrelated subfamily." Since 1980, "unrelated subfamilies" have been excluded from the count of families and family members and have been reported separately from "people in families" and "unrelated individuals."

1994	261,616	38,059	14.5	221,430	28,985	13.1	37,253	14,380	38.6	38,538	8,287	21.5
1993	259,278	39,265	15.1	219,489	29,927	13.6	37,861	14,636	38.7	38,038	8,388	22.1
1992	256,549	38,014	14.8	217,936	28,961	13.3	36,446	14,205	39.0	36,842	8,075	21.9
1991	251,179	35,708	14.2	212,716	27,143	12.8	34,790	13,824	39.7	36,839	7,773	21.1
1990	248,644	33,585	13.5	210,967	25,232	12.0	33,795	12,578	37.2	36,056	7,446	20.7
1989	245,992	31,528	12.8	209,515	24,066	11.5	32,525	11,668	35.9	35,185	6,760	19.2

Source: Joseph Dalaker and Mary Naifeh, *Poverty in the United States: 1997*, U.S. Bureau of the Census, Current Population Reports, Series P60-201 (Washington: U.S. Government Printing Office, 1998), Table C-1, p. C2.

The poverty rate varies by age, race and ethnicity, work experience, family relationship and composition, nativity, and region of the country, among others. In 1997, for example, it was 19.9 percent for all children under 18 years of age, 10.9 percent for adults 18 to 64 years of age, and 10.5 percent for persons age 65 and over. Persons in families (poverty rate of 11.6 percent) were less likely to be poor in 1997 than those in unrelated subfamilies (poverty rate of 46.5 percent) or unrelated individuals (poverty rate of 20.8 percent). While the poverty rate for whites was 11.0 percent in 1997, it was 26.5 percent for blacks, 27.1 percent for those of Hispanic origin, and 14.0 percent for those of Asian and Pacific Islander origin. The poverty rate inside central cities of metropolitan areas was 18.8 percent in 1997, compared to a rate of 9.0 percent for persons inside metropolitan areas but outside central cities.

In the early 1980s, the Census Bureau began examining how government noncash benefits affect poverty and how taxes affect measurement of the income distribution. The 1997 Census poverty report provides estimates of poverty rates based on a number of alternative definitions of income applied to the same unchanged set of poverty thresholds. For example, using an alternative definition of income which more closely approaches the notion of disposable income and adds the value of means-tested noncash transfers (e.g., food stamps, housing, and medicaid) to net post-tax cash income from private and government sectors, the report found that the poverty rate would be 10.0 percent (or 26.9 million poor people) in 1997.[22] As of 1999, the Census Bureau is no longer publishing those alternative-income-definition figures.[23]

Like other important economic indicators, poverty thresholds are evaluated periodically to determine if they are still serving their intended purpose and whether they can be improved. At the request of Congress, the National Research Council of the National Academy of Sciences (NAS) established a Panel on Poverty and Family Assistance to address concerns about weaknesses in the current official poverty measure for

[22] See Joseph Dalaker and Mary Naifeh (eds.), *Poverty in the United States: 1997*, U.S. Bureau of the Census, Current Population Reports, Series P60-201 (Washington: U.S. Government Printing Office, 1998), pp. xiii and B1-B3.

[23] For estimates of poverty based on a set of consistent changes applied to both the income definitions and the poverty thresholds, see Kathleen Short, Thesia Garner, David Johnson, and Patricia Doyle, *Experimental Poverty Measures: 1990 to 1997*, U.S. Census Bureau, Current Population Reports, Consumer Income, Series P60-205 (Washington: U.S. Government Printing Office, 1999).

the United States. The panel's report,[24] issued in the Spring of 1995, made several observations on the weaknesses in the definition of the thresholds and income used in the current measure and proposed that (a) official U.S. poverty thresholds should represent a dollar amount for food, clothing, and shelter (including utilities), and a small additional amount to allow for other common, everyday needs (e.g., household supplies, personal care, and nonwork-related transportation), based on a reference family type (two adults and two children) using Consumer Expenditure Survey data, adjusted for family size and composition and for geographical differences in the cost of housing; (b) family resources should be defined as money income from all sources, plus the value of near-money benefits that are available to buy goods and services (e.g., food stamps, subsidized housing, school lunches, and home energy assistance), and minus expenses that divert money from the purchase of goods and services (e.g., income taxes, social security payroll taxes, child care and other work-related expenses, child support payments to another household, and household contributions toward the costs of medical care and health insurance premiums); and (c) the Survey of Income and Program Participation (SIPP) should replace the March income supplement to the Current Population Survey (CPS) and become the basis for official income and poverty statistics and that the Consumer Expenditure Survey should be used to improve poverty measurement. The U.S. Census Bureau released a report[25] in June 1999 which provides information regarding the implications of many of the NAS panel's recommendations, but makes no recommendations on which new approaches should be adopted.

For several decades, the U.S. Bureau of Labor Statistics (BLS) has developed operational definitions and conducted studies of low-wage workers and the "working poor," using the same data used by the Census Bureau in their poverty reports. In 1987, BLS modified the definition of low-wage workers that had been used in prior studies of labor market hardship faced by low-wage workers (full-time, year-round workers whose yearly earnings fell below the federal minimum hourly wage multiplied by 2,000) to take account of the fact that many of the working poor faced unemployment and a declining real minimum wage.[26] The new definition adopted by BLS for low-wage workers was for persons who worked or sought work for 27 weeks or more during the year and whose average weekly earnings fell below the 1967-87 average minimum wage, adjusted for inflation, and multiplied by 40 (i.e., a 40 hour workweek). If a low-wage worker's income fell below the poverty line, the worker was termed "working poor."

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[24] Constance F. Citro and Robert T. Michael, *Measuring Poverty: A New Approach* (Washington: National Academy Press, 1995), p. 11.

[25] Kathleen Short, Thesia Garner, David Johnson, and Patricia Doyle, *Experimental Poverty Measures: 1990 to 1997*, U.S. Census Bureau, Current Population Reports, Consumer Income, Series P60-205 (Washington: U.S. Government Printing Office, 1999).

[26] See Bruce W. Klein and Philip L. Rones, "A Profile of the Working Poor," *Monthly Labor Review* (October 1989), pp. 3-13.

The most recent BLS analysis examined the working poor in 1996.[27] The U.S. Bureau of the Census reported that 36.5 million persons (or 13.7 percent of the population) lived at or below the official poverty level in 1996. Although most of the Nation's poor were children and adults who were not in the labor force, 1 in 5 (or 7.4 million persons) were classified as working poor who had spent at least 27 weeks in the labor force working or looking for work, but whose income fell below the official poverty threshold. The poverty rate for all persons in the labor force for at least 27 weeks was 5.8 percent in 1996. The majority of the working poor (58 percent) worked full-time. Among persons in the labor force for 27 weeks or more, the poverty rate for those employed full-time was 4.1 percent compared with 12.4 percent for part-time workers.

During 1996, nearly three-fourths of the working poor who worked during the year were employed in one of the following three occupational groups: service; technical, sales, and administrative support; and operators, fabricators and laborers; the poverty rates for these occupational groups were 12.3, 4.3, and 7.8 percent, respectively. Although the total number of men in these occupations outnumbered women by 3 to 1, the poverty rate for women was 3 percentage points higher (10.1 versus 7.1 percent). Similarly, while three-fourths of the working poor in these occupations were white, their poverty rate was 4.5 percentage points lower than that for blacks (7.1 versus 11. 6 percent).

By industrial division,[28] about 92 percent of the working poor who worked during 1996 were employed in services (34.3 percent), wholesale and retail trade (31.7 percent), manufacturing (10.6 percent), construction (9.1 percent), or agriculture (6.2 percent). For the working poor in manufacturing (748,000), about half were employed in the production of durable goods and half employed in the production of nondurable goods. Over half of the working poor employed in nondurable goods production were employed in the apparel (108,000) or the food and kindred products (96,000) industries. The poverty rate for workers in the labor force for 27 weeks or more and with work experience in the apparel industry was 10.7 percent in 1996, over three-times that for all manufacturing (3.5 percent) and about twice that for all industries (5.5 percent); the corresponding poverty rate for those in the footwear, excluding rubber and plastic industry was 1.3 percent (1,000 workers under the poverty line) and for those in the other rubber products, plastics, footwear, and belting industry was 2.0 percent (or 4,000 workers).

MEETING WORKERS' NEEDS

In the United States, official poverty lines, which are adjusted annually for inflation, establish income thresholds that indicate a level of income below which may be insufficent to meet the basic needs of persons

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[27] See Samantha Quan, *A Profile of the Working Poor, 1996,* Report 918 (Washington: Bureau of Labor Statistics, U.S. Department of Labor, December 1997).

[28] This discussion is based upon an unpublished tabulation, "Persons with work experience during the year by detailed industry of longest job held and poverty status, CPS March Supplement 1997," provided by the U.S. Bureau of Labor Statistics.

in a family of a given type and size. Living wage proponents often use the poverty thresholds as a floor in developing proposed living wage levels, i.e., an income that meets basic needs plus some more. The issue is how much more?

The table on the next page compares over the period 1966 to 1998 the annual earnings of a hypothetical worker employed at the federal minimum wage rate (without vacations or overtime for a 8-hour day for 52 weeks) with the annual poverty thresholds for families of size one to four persons as established by the U.S. Bureau of the Census. In ten out of the fourteen years between 1966 and 1979, annual earnings at the established federal minimum rate exceeded the poverty threshold for a family of three persons; in the four other years (1966, 1972-73, and 1977), it exceeded the poverty threshold for a family of two. Over the period 1980 to 1984, annual minimum wage earnings exceeded the poverty threshold for two-person families. From 1985 to 1996, annual

Minimum Wage Earnings and Poverty Thresholds by Family Size, 1966-1998

(in current US$)

Year	Minimum Wage Hourly	Minimum Wage Annually*	---Annual Poverty Threshold for Family of----- One Person	Two Persons	Three Persons	Four Persons
1966	1.25	2,600	1,628	2,107	2,688	3,317
1967	1.40	2,912	1,675	2,166	2,681	3,410
1968	1.60	3,328	1,748	2,262	2,774	3,553
1969	1.60	3,328	1,840	2,383	2,924	3,743
1970	1.60	3,328	1,954	2,625	3,099	3,968
1971	1.60	3,328	2,040	2,633	3,229	4,137
1972	1.60	3,328	2,109	2,724	3,339	4,275
1973	1.60	3,328	2,247	2,895	3,546	4,540
1974	2.00	4,160	2,495	3,211	3,936	5,036
1975	2.10	4,368	2,724	3,608	4,293	5,500
1976	2.30	4,784	2,684	3,711	4,640	5,815
1977	2.30	4,784	3,075	3,951	4,833	6,191
1978	2.65	5,512	3,311	4,249	5,201	6,562
1979	2.90	6,032	3,689	4,725	5,784	7,412
1980	3.10	6,448	4,190	5,363	6,565	8,414
1981	3.35	6,968	4,620	5,917	7,260	9,287
1982	3.35	6,968	4,901	6,281	7,693	9,862
1983	3.35	6,968	5,061	6,483	7,938	10,178
1984	3.35	6,968	5,278	6,762	8,277	10,609
1985	3.35	6,968	5,469	6,998	8,573	10,989
1986	3.35	6,968	5,572	7,138	8,737	11,203
1987	3.35	6,968	5,778	7,397	9,058	11,611
1988	3.35	6,968	6,022	7,704	9,436	12,092
1989	3.35	6,968	6,310	8,076	9,885	12,674
1990	3.80	7,904	6,652	8,509	10,418	13,359
1991	4.25	8,840	6,932	8,865	10,860	13,924
1992	4.25	8,840	7,143	9,137	11,188	14,335
1993	4.25	8,840	7,363	9,414	11,522	14,763
1994	4.25	8,840	7,547	9,551	11,621	15,141
1995	4.25	8,840	7,763	9,933	12,158	15,569
1996	4.75	9,880	7,995	10,233	12,516	16,036
1997	5.15	10,712	8,183	10,473	12,802	16,400
1998	5.15	10,712	8,316	10,634	13,003	16,660

Note: * an extreme upper bound which assumes a person works at the hourly minimum wage 8 hours a day, 5 days a week for 52 weeks with no overtime or vacations, i.e., a total of 2080 hours a year.
Sources: U.S. Department of Labor, Wage and Hour Division; U.S. Census Bureau.

minimum wage earnings exceeded only the poverty threshold for one person. With the increase in the minimum wage in 1997, annual earnings at the minimum wage level now again exceed the poverty threshold for a two-person family.

Another way to view the poverty thresholds is to examine the full-time hourly wage rates needed to exceed them and how those wage rates compare to the minimum wage. The table below presents such a comparison for the 1997 and 1998 poverty thresholds.

Estimated Hourly Wage of a Full-Time Worker at the Poverty Threshold, by Family Size, 1997-98

Family Size	1997 Poverty Threshold	Hourly Wage	Minimum Wages	1998 Poverty Threshold	Hourly Wage	Minimum Wages
1	US$8,183	US$4.10	0.80	US$8,316	US$4.16	0.81
2	10,473	5.24	1.02	10,634	5.32	1.03
3	12,802	6.41	1.24	13,003	6.50	1.26
4	16,400	8.20	1.59	16,660	8.33	1.62
5	19,380	9.69	1.88	19,680	9.84	1.91
6	21,886	10.95	2.13	22,228	11.11	2.16
7	24,802	12.41	2.41	25,257	12.63	2.45
8	27,593	13.80	2.68	28,166	14.08	2.73
9 or more	32,566	16.29	3.16	33,339	16.67	3.24

Note: The hourly wage is estimated as the annual poverty threshold divided by 2000 hours (8 hours a day, 5 days a week, 50 weeks a year, assuming two-weeks time-off). Minimum wages is the estimated hourly wage at the poverty threshold divided by the current federal minimum wage of US$5.15 per hour.

A recent OECD report[29] noted, "Several OECD countries have experienced a rise in earnings inequality and/or a widening of the gap in income between rich and poor over the last decade or so. This has led to a resurgence of interest in the links between employment growth, low pay and poverty." The movement to enact living wage proposals in the United States may have been motivated, in part, by the 12 percent decline in real average hourly earnings in the total private nonagricultural economy between 1973 and 1997,[30] and the 20 percent decrease in the real value of the U.S. minimum wage from 1979 to 1997.[31] In many ways, the main arguments the early supporters gave for establishing minimum wage laws in the United States during the early part of this century are very similar to those of today's proponents of a living wage: a person working at a full-time job ought to be able to provide a decent standard of living for

[29] Organization for Economic Cooperation and Development (OECD), *Employment Outlook, June 1998* (Paris:OECD, 1998), p. 31.

[30] Council of Economic Advisers, *Economic Report of the President, 1999* (Washington: U.S. Government Printing Office, February 1999), Table B-47, p. 382.

[31] Organization for Economic Cooperation and Development (OECD), *Economic Outlook, June 1998* (Paris: OECD, 1998), p. 40.

themselves and their family.

In the 1990s, the living wage movement in the United States has concentrated on municipal living wage proposals that require private firms that are awarded large service contracts by a municipality or receive substantial financial assistance in the form of grants, loans, tax abatements, or other economic development subsidies from a city or county government to pay a "living wage" that is higher than current federal and state minimum wage levels. In some cases, city government employees are also covered by living wage ordinances. Baltimore was the first city to implement a living wage ordinance for service contractors, doing so in 1994. Since then, over 20 other cities have enacted living wage ordinances and other cities are considering similar proposals.[32] See the table below for a summary of these initiatives.

Most of the living wage ordinances establish a dollar-level threshold on contracts or subsidies covered and in some cases explicitly specify the type of low-wage workers covered (e.g., janitors, clerical, food services, parking attendants, security, temporary workers, etc.). The wage levels mandated by these municipal ordinances range from US$6.25 to US$10.75 an hour.

- In most cases, the level of the living wage is a wage that would allow a worker to support a family (usually of three or four) at or above the official U.S. poverty level. For example, Boston requires a wage of US$8.23 an hour (in 1998) which is the hourly pay rate that would yield an annual income equal to the federal poverty line for a family of four.

- In other cases, the living wage level is set as a multiple of a poverty threshold for a family of 3 or 4, or as a multiple of the federal minimum wage rate.

- In most cases, the living wage is indexed to a local price index to adjust for inflation.

- Increasingly, living wage ordinances are incorporating additional requirements to that of a living wage, such as health benefits, vacation days, community hiring goals, public disclosure, community advisory boards, environmental standards, and language that supports union organizing. For example, some ordinances require firms to pay more (usually about US$1 an hour more) if they do not provide health insurance.

In addition to municipal legislative initiatives, a number of groups have made living wage calculations for various states and cities within the United States. These groups include the Association of Community Organizations for Reform Now (ACORN), National Priorities Project, Jobs With Justice, the Los Angeles

[32] ACORN (Association of Community Organizations for Reform Now) web sites: <http://www.acorn.org> and <http://www.livingwagecampaign.org>. For a more detailed account of the municipal living wage movements in the United States, see Robert Pollin and Stephanie Luce, *The Living Wage: Building a Fair Economy* (New York: The New Press, 1998). See also, Selena Spain and Jean Wiley, "The Living Wage Ordinance: A First Step in Reducing Poverty," *Clearinghouse Review*, Vol. 32, Nos. 5-6 (September-October 1998), pp. 252-267.

Living Wage Coalition, the New Party, the Preamble Collaborative, the Peace and Justice Center, and Wider Opportunities for Women (WOW). Estimates of living wages by these groups vary significantly, from US$7 to US$16 an hour.

Hourly Living Wage Rates
for Employees of Certain Firms Receiving Public Service Contracts, Tax Abatements, and Other Subsidies from Cities and Counties in the United States

State and City or County	Date	Rate and Coverage
Arkansas		
Little Rock	pending	
Arizona		
Tucson	1999	US$8.00–city minimum wage.
California		
Hayward	1999	US$8.00 with health insurance, US$9.25 without health insurance; adjusted annually with an area cost of living index; includes 12 paid days off a year–city service contracts; also applies to city employees.
Los Angeles	1997	US$7.25 (1997), US$7.39 (1998), US$8.32 (1999) with health insurance; US$8.50 (1997), US$8.64 (1998), US$9.46 (1999) without health insurance; indexed to the cost of living; includes 12-days paid vacation a year–city service contracts and subsidies.
Marin County	pending	
Oakland	1998	US$8.00 (1998), US$8.35 (1999) with health insurance; US$9.25 (1998), US$9.60 (1999) without health insurance; adjusted annually using the Bay Region Consumer Price Index; includes 12 paid days off a year–city service contracts and subsidies.
Pasadena	1998	US$7.25 with health insurance, US$8.50 without health insurance–city service contracts; also applies to city employees.
San Jose	1998	US$9.50 with health insurance, US$10.75 without health insurance–city service contracts.
	1991	union wage scale (prevailing wage ordinance)–city service contracts.
San Francisco	pending	
Santa Clara County	1995	US$10.00 plus health insurance–tax abatements and subsidies.
West Hollywood	1997	US$7.25 with health benefits, US$8.50 without health benefits–city service contracts.
Colorado		
Denver	pending	US$7.73 (proposed)–city minimum wage and subsidies.
Connecticut		
New Haven	1997	US$7.43 (wage equivalent to the poverty line for a family of 4) to be increased to 120% of the poverty line over 5 years; first consideration to community hiring halls–city service contracts.
Florida		
Miami–Dade County	1999	US$8.56 with health insurance, US$9.81 without health insurance–city service contracts; also applies to county employees.
Illinois		
Chicago	1998	US$7.60–city service contracts.
Cook County	1998	US$7.60–city service contracts.
Indiana		
Gary	1991	prevailing wage plus complete health care package–tax abatements and subsidies.
South Bend	pending	
Iowa		
Des Moines	1988; 1996	US$7.00 (1988) city-funded urban renewal projects; set goal of US$9.00, including benefits (1996).
Kansas		
Manhattan	pending	
Louisiana		
New Orleans	pending	US$1.00 higher than the federal rate (proposed)–city minimum wage.
Maryland		
Baltimore	1994	US$6.10 (1994) increased in steps to US$7.70 (1998)–city service contracts.
Montgomery County	pending	US$9.00 with health benefits, US$10.44 without health benefits (proposed).
State of Maryland	pending	US$6.60 (1996), US$7.10 (1997), US$7.70 (1998) for contract cleaners of the state-owned World Trade Center in Baltimore.
Massachusetts		
Boston	1997; 1998	US$7.49 (1997),US$8.23 (1998); poverty line for family of 4, indexed annually to the higher of 110% of state minimum wage or the adjusted poverty guideline–city service contracts, subsidies, and community hiring.
Cambridge	1999	US$10.00; indexed annually to area consumer price index–city service contracts; also includes city employees.
Hampshire County	pending	US$7.00 with health benefits, US$8.50 without health benefits–all county employees (proposed).
Somerville	1999	US$8.35 (poverty guidelines for a family of 4, adjusted annually in accordance with poverty guidelines)–city service contracts; also covers city employees.
Michigan		
Detroit	1998	US$8.35 with health insurance (federal poverty line for family of 4), US$10.44 without health insurance (125% of federal poverty line)–city service contracts and subsidies.
Minnesota		
Duluth	1997	at least 90% of employees must be paid US$6.50 with health insurance or US$7.25 without health insurance–tax abatements and subsidies.
Minneapolis	1997	US$8.83 (1999); 110% of federal poverty line for a family of 4, indexed for inflation; 60 percent of the jobs must go to city residents–tax abatements and subsidies.
St. Paul	1997	US$8.03 with health insurance (100% of federal poverty line for a family of 4; indexed for inflation) or US$8.83 without health insurance (110% of federal poverty line for a family of 4; indexed for inflation) in 1999; at least 60% of the jobs must go to city residents–tax abatements and subsidies.
Missouri		
St. Louis	pending	US$6.25 (1997), US$6.50 (1998), US$6.75 (1999), and increases of US$0.15 per year thereafter (proposed)–city service contracts and subsidies.
Montana		
Missoula	pending	US$8.00 (proposed)—municipal employees and workers whose employers get grants or other assistance from the city.

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Hourly Living Wage Rates
for Employees of Certain Firms Receiving Public Service Contracts, Tax Abatements, and Other Subsidies from Cities and Counties in the United States–continued

State and City or County	Date	Rate and Coverage
New Jersey		
Hudson County	1999	US$7.73 (150% of federal minimum wage; must provide health insurance and one week paid vacation)–city service contracts.
Jersey City	1996	US$7.50 plus vacation and health benefits–city service contracts.
New Mexico		
Albuquerque	pending	US$6.50 (proposed)–city minimum wage.
New York		
Albany County	pending	US$8.55 plus US$0.68-US$1.21 for health benefits (proposed)–city service contracts and subsidies.
Buffalo	pending	US$8.50 (proposed)–city contractors and subcontractors.
New York City	1996	"acceptable prevailing wage" determined by City Comptroller–city service contracts.
North Carolina		
Durham	1998	US$7.55 (minimum rate paid to Durham city employees)–city service contracts.
Orange County	pending	rate not yet proposed–service contracts and subsidies.
Ohio		
Cleveland	pending	
Oregon		
Multnomah County	1998	US$9.00 combined value of wage and benefit package, adjusted annually by the Consumer Price Index–city service contracts.
Portland	1996; 1998	US$6.75 (1996), US$7.00 (1997), US$7.50 (1998), US$8.00 (1999), plus basic medical benefits (1998)–city service contracts.
Pennsylvania		
Philadelphia	pending	US$7.90 (proposed)
Pittsburgh	pending	US$7.73 (proposed)–city employees and service contractors.
Texas		
Austin	pending	
Dallas	pending	
Houston	pending	US$6.50 (proposed)–city minimum wage.
San Antonio	1998	US$9.27 for new services and non-durable-goods-manufacturing jobs and US$10.13 for new durable goods manufacturing jobs created as a result of city tax abatement and subsidies; at least 70 percent of such new jobs created must meet or exceed these pay requirements.
Virginia		
Alexandria	pending	
Washington		
Spokane	pending	US$8.25 (proposed)–city minimum wage.
Wisconsin		
Dane County	1999	US$8.03 (federal poverty level for a family of 4)–city service contracts and subsidies; also applies to county employees.
Madison	1999	US$7.91 to be raised in 2-steps to 110% of federal poverty guidelines for family of 4 by January 1, 2001 and continuing thereafter–city service contracts and subsidies; also covers city employees.
Milwaukee	1995	US$6.05 (1995); adjusted annually to poverty line for family of 3, currently US$6.67–certain city service contractors
	1996	US$7.70–all public school employees and contractors
Milwaukee County	1997	US$6.25, indexed to wage increases of county employees–certain county service contractors

Note: Initiatives to increase the state minimum wage are not included in this table.
Sources: ACORN (Association of Community Organizations for Reform Now) web sites, <http://www.livingwagecampaign.org> and <http://www.acorn.org>, and Robert Pollin and Stephanie Luce, *The Living Wage: Building a Fair Economy* (New York: The New Press, 1998), Appendix II.